

Message Text

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ACTION STR-04

INFO OCT-01 ARA-06 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-01 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

OMB-01 FEA-01 AF-08 EA-07 EUR-12 NEA-10 /131 W

----- 020784

R 061434Z DEC 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 2108

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

LIMITED OFFICIAL USE SECTION 1 OF 2 MTN GENEVA 09684

ACTION STR

H PASS CODEL

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: ETRD, MTN

SUBJ: MTN: TROPICAL PRODUCTS CONSULTATION - CENTRAL
AMERICA

REF: MTN GENEVA 3331

1. SUMMARY: IN FOURTH TROPICAL PRODUCTS (TP) CONSUL-
TATION HELD WITH CENTRAL AMERICAN (CACM) DELEGATIONS,
CACM DELS REPEATED DISSATISFACTION WITH US TP OFFER AND
ASKED THAT ADDITIONAL PRODUCTS BE INCLUDED, BUT CONTINUED
TO OPPOSE MAKING "CONTRIBUTIONS" TO TP NEGOTIATIONS.
US MTN DEL REAFFIRMED THAT US NOT PREPARED TO MAKE
UNILATERAL CONCESSIONS IN MTN, AND THAT ITS ABILITY TO
IMPLEMENT OR IMPROVE TP OFFER DEPENDED UPON AGREEMENT ON
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CONTRIBUTIONS FROM PRINCIPAL BENEFICIARY COUNTRIES. US

AND CACM DELS AGREED TO HAVE ADDITIONAL CONSULTATION EARLY IN 1977 TO EXCHANGE US VIEWS ON ADDITIONAL PRODUCTS DESIRED BY CACM, AND ADDITIONAL INFORMATION FROM CACM ON THOSE PRODUCTS ON WHICH US HAD REQUESTED "CONTRIBUTIONS".
END SUMMARY.

2. DURING TP CONSULTATION HELD DECEMBER 1 WITH CACM DELS AT THEIR REQUEST, CACM SPOKESMAN (BETANCOURT, GUATEMALA) RECALLED THAT DURING SEPTEMBER 8 VISIT OF US TRADE POLICY TEAM HEADED BY AMBASSADOR YEUTTER TO SAN JOSE, A MEMORANDUM HAD BEEN PRESENTED BY CACM COMMENTING ON TP NEGOTIATIONS. SINCE THAT TIME, CENTRAL AMERICAN CONCERN HAD BEEN INCREASED BY US ACTIONS ON SUGAR AND MEAT. CACM DEL REPEATED DISAPPOINTMENT WITH LIMITED RESPONSE TO CACM TP REQUEST LIST. PRINCIPAL TRADE VALUE FOR CACM IN US OFFER WAS TSUS 155.40 INEDIBLE MOLASSES, BUT THIS HAD A LOW TARIFF OF 9.3 PERCENT AVE, WAS ALREADY ON GSP, AND WAS OF ONLY SECONDARY IMPORTANCE TO CACM COUNTRIES WHICH ENCOUNTERED NO MARKET ACCESS PROBLEMS IN US, WHICH HAD ALTERNATIVE MARKETS AVAILABLE IN JAPAN AND OTHER COUNTRIES, WHILE CACM DOMESTIC CONSUMPTION FOR DAIRY CATTLE FEED WAS RISING. CACM DEL ALSO COMMENTED THAT ON TSUS 152.72, BANANA PASTE, THE PRINCIPAL EXPORTER, HONDURAS, WAS EXCLUDED FROM RECEIVING GSP TREATMENT BECAUSE OF COMPETITIVE NEED LIMITATIONS. CONCERNING US OFFER ON CANTALOUPES AND WATERMELONS FOR JANUARY-FEBRUARY PERIOD, THIS WAS NOT A PERIOD OF LARGE CENTRAL AMERICAN PRODUCTION. CACM DELS ALSO REQUESTED THAT US CONSIDER INCREASING ITS OFFER ON TSUS 240.2340 PLYWOOD, ON WHICH THE US HAD MADE OFFER OF TARIFF REDUCTION FROM 10 TO 8 PERCENT. CACM DELS WERE INSISTENT ON HAVING US COMMENTS AS TO WHAT US COULD DO TO IMPROVE ITS TP OFFER ON PRODUCTS OF INTEREST TO CACM COUNTRIES, AND HAD PREPARED A PRIORITY LISTING OF PRODUCTS ON WHICH THEY WISHED AN UPDATED US RESPONSE FOR DISCUSSION AT SUBSEQUENT MEETING.

3. CACM DEL NOTED THAT US REQUEST FOR CONTRIBUTIONS COULD BE CONSIDERED "IN SUSPENSE" UNTIL CACM LIMITED OFFICIAL USE

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COUNTRIES HAD A CLEARER IDEA OF WHAT THESE COUNTRIES WOULD RECEIVE FROM THE MTN. WHEN THESE "NET" BENEFITS WERE EVIDENT, CACM COUNTRIES WOULD CONSIDER WHAT CONTRIBUTIONS THEY COULD MAKE, AND THAT AT THIS STAGE OF THE NEGOTIATIONS CACM COUNTRIES COULD NOT SPEAK OF WHAT TYPE OF CONTRIBUTIONS THEY COULD MAKE. CACM DELS NOTED THAT US HAD REQUESTED 50 PERCENT REDUCTION IN TARIFFS, WHICH WOULD BE VERY DIFFICULT TO DO

GIVEN ADVERSE ECONOMIC SITUATION. CACM COUNTRIES WERE ALSO VERY CONCERNED ABOUT THE NONPERMANENCY OF GSP, NOTING THAT NEW INVESTMENTS WERE BEING MADE BASED ON GSP ZERO TARIFF RATES, BUT THAT THERE WAS NO SECURITY THAT THESE CONCESSIONS WOULD CONTINUE BEYOND INITIAL TEN-YEAR TIME FRAME.

4. US MTN DEL (GRAEF, KNEPPER, ET. AL.) WELCOMED CACM INITIATIVE IN SEEKING FURTHER TP CONSULTATION AND RESEARCH THAT HAD GONE INTO PREPARATION OF CACM MEMORANDUM. US MTN DEL NOTED THAT CACM COUNTRIES HAD TRADE IN 45 OF THE 149 PRODUCTS IN US TP OFFER, AND THAT CACM'S EXPORTS TO US OF THESE PRODUCTS TOTALED DOLS 21 MILLION IN 1974 AND EXCEEDED DOLS 24 MILLION IN 1975. US MTN DEL ALSO REPEATED ARGUMENTS IN FAVOR OF PERMANENT, BOUND MFN CONCESSIONS, WHICH US WAS OFFERING IN TP NEGOTIATIONS, AS OPPOSED TO TEMPORARY, UNILATERAL UNBOUND GSP GRANTS. CONCERNING US OFFER ON INEDIBLE MOLASSES, US MTN DEL NOTED THIS WAS A LARGE VOLUME TRADE ITEM WITH US IMPORTS FROM CACM OF DOLS 11.8 MILLION IN 1975, (14 PERCENT OF TOTAL US IMPORTS) AND THAT US WAS OFFERING TO REDUCE ITS DUTY TO ZERO WITH ALL OF THE QUALITATIVE ADVANTAGES INHERENT IN ZERO FREE TARIFFS. US MTN DEL EMPHATICALLY EMPHASIZED THAT BECAUSE OF HONDURAS' EXCLUSION FROM GSP ON BANANA PASTE (HONDURAS SUPPLIED OVER 70 PERCENT OF US IMPORTS IN 1975) THAT THIS WAS AN EXCELLENT ARGUMENT WHY HONDURAS AND CACM COUNTRIES SHOULD BE SEEKING AND WELCOMING US OFFER OF AN MFN TARIFF REDUCTION, WHICH WOULD BE PERMANENT AND NOT SUBJECT TO COMPETITIVE NEED LIMITATIONS.

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INFO AMEMBASSY GUATEMALA
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ACTION STR

H PASS CODEL

PASS AGRICULTURE

5. US DEL NOTED THAT IT WOULD, OF COURSE, GIVE SERIOUS CONSIDERATION TO RENEWED CACM TP REQUESTS, BUT THAT IT WOULD BE DIFFICULT TO IMPLEMENT, MUCH LESS IMPROVE THE US OFFER, UNLESS THERE WERE INDICATIONS THAT THE PRINCIPAL BENEFICIARIES OF THE US OFFER WERE WILLING TO MAKE SPECIFIC "CONTRIBUTIONS" TO THE TP NEGOTIATIONS. US MTN DEL NOTED THAT GENERAL INDICATION OF WILLINGNESS TO CONTRIBUTE AT END OF MTN DID NOT PROVIDE SPECIFIC INDICATION OF CONTRIBUTIONS COUNTRIES WERE WILLING TO MAKE, WHILE THE US TP OFFER HAD A CLEARLY IDENTIFIABLE TRADE VALUE WHICH WAS GREATLY IN EXCESS OF THE CONTRIBUTIONS THAT THE US WAS SEEKING FROM CACM COUNTRIES. US WOULD WELCOME COMMENTS FROM CACM DELS ON FEASIBILITY OF THE LIMITED OFFICIAL USE

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SUGGESTED CONTRIBUTIONS, AS WELL AS ON ANY OTHER TRADE LIBERALIZING ACTIONS CACM COUNTRIES MIGHT BE TAKING IN THE FUTURE. US DEL NOTED THAT ON US REQUESTS ON VEGETABLE PROTEINS AND MIXTURES OF SOY FLOURS, THAT THESE WERE HIGHLY SPECIALIZED FOOD ITEMS OF WHICH US DID NOT BELIEVE THERE HAD AS YET BEEN SIGNIFICANT COMMERCIAL IMPORTS TO CENTRAL AMERICA. US AGAIN REQUESTED INFORMATION AS TO THE TARIFF HEADINGS WHICH SUCH PRODUCTS ENTERED CENTRAL AMERICA.

6. MEETING ENDED WITH AGREEMENT FOR US MTN DEL TO REVIEW AND UPDATE ITS COMMENTS ON THE PRODUCTS IDENTIFIED AS CACM PRIORITIES, AND FOR CACM DELS TO SEEK MORE INFORMATION ON THE US REQUESTS FOR CACM CONTRIBUTIONS TO DISCUSS AT NEXT CONSULTATION IN EARLY 1977. US MTN DEL ALSO NOTED THAT IT HOPED TO HAVE ADDITIONAL INFORMATION ON THE EX-OUT US WAS OFFERING ON TSUS 125.80, LIVE PLANTS, BASED ON THE

LIST OF SPECIFIC PLANTS SUPPLIED BY THE CACM
DELEGATIONS (PARA 7, REFTEL).

7. FOLLOWING THE MEETING, CACM DELS GAVE US MTN
DEL FOLLOWING LIST OF PRODUCTS.

TSUS	PRODUCT DESCRIPTION
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PRIORITY 1

170.10	WRAPPER TOBACCO
170.40	FILLER TOBACCO LEAF, NOT STEMMED
170.45	FILLER TOBACCO LEAF, STEMMED
170.60	SCRAP TOBACCO
170.66	CIGARS
145.58	PEANUTS SHELLS

PRIORITY 2

148.96	PINEAPPLES, FRESH, IN PACKAGES OTHER THAN CRATES
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PRIORITY 3

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240.23.40	PLYWOOD (REQUEST TO IMPROVE US TP OFFER OF REDUCTION OF PRESENT DUTY FOR 10 PERCENT TO 8 PERCENT)
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PRIORITY 4

192.20	FRESH CUT FLOWERS
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PRIORITY 5

706.08	LUGGAGE AND HANDBAGS OF LEATHER
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PRIORITY 6

155.70	HONEY
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8. ACTION REQUESTED:

REQUEST WASHINGTON AGENCIES FORWARD INFORMATION ON
EX-OUT OFFERED ON TSUS 125.80 (PARA 6 ABOVE). AND
COMMENTS ON OTHER PRODUCTS PARA 7 ABOVE THAT WASHINGTON
AGENCIES DEEM IMPORTANT. (SEE REFTEL AND PREVIOUS
FOR COMMENTS ALREADY COMMUNICATED.)WALKER

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Message Attributes

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Draft Date: 06 DEC 1976
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Disposition Approved on Date:
Disposition Authority: saccheem
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Disposition Date: 28 MAY 2004
Disposition Event:
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Disposition Reason:
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04 MAY 2006

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